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National Intelligence Daily

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① POLAND: Warsaw Pact Maneuvers

1-3 Soviet military sources indicate there will be a major Warsaw
5-6 Pact exercise in Poland next month. A Solidarity activist, meanwhile,
believes there will be a "spring uprising" that the underground
union will be unable to contain. 25X1

1-3 The Soviet military attache in Poland told the US
5-6 defense attache yesterday there will be a Warsaw Pact
exercise "involving Poland" in March and stated that
the exercise would be announced in accordance with the 25X1
Helsinki Accords. Notification of an exercise involv-
ing 25,000 troops must be given 21 days prior to the start
of an exercise to comply with the agreements.

1-3 Last week the East German attache in Warsaw alluded
5-6 to a major military operation to be held in Poland on or
after 15 March. He added that it would involve the
Soviets, Poles, East Germans, and Czechoslovaks.

1-3 Comment: The two attache reports suggest that plan-
5-6 ning for a Warsaw Pact field training exercise in or near
Poland next month is under way. The Soviets may believe 25X1
such an exercise would underline Pact unity and signal
a return to "normal" training activity as well as remind
the Polish public of the possible consequences of further
unrest in the spring. 25X1

1-3 The unusual "leak" of the exercise to Western mili-
5-6 tary attaches suggests that Moscow is sensitive to a
possible negative reaction by the West and probably will 25X1
make an effort to depict the exercise as legitimate and
nonthreatening.

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[redacted]Activist Predicts Resistance

4-6 In a conversation with a US Consulate officer in Krakow, a Solidarity activist said that he expects increased worker resistance this spring because of the worsening economic situation and predicted that coal miners would lead the way. He doubts that Solidarity will have much influence on this increased unrest even though local union activists have established an underground organization and are urging restraint. He believes that there could be defections from the police--especially by newer working-class conscripts--despite their privileged position. [redacted]

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The activist was released from internment early in January on the condition that he emigrate, but he is unaware of any senior officials in Solidarity who are planning to leave. [redacted]

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4-6 Comment: Although the Solidarity activist has repeated what has become a widespread expectation of increased unrest in the spring, he is the first to suggest that some in the underground union are calling for restraint. His expectations of police defections are unrealistic. New recruits do not make up the core of the police or the security units that are carrying the brunt of martial law duty. [redacted]

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West German Visitor

5-6 Herbert Wehner, a leading figure in the Social Democratic Party, will visit Poland next weekend at the invitation of Polish officials. [redacted]

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5-6 Comment: Wehner is the first prominent West German politician to visit Poland since martial law was imposed, and he will try to impress the Polish authorities with the need for compromise. Bonn probably would not have allowed a high-ranking official to go for fear of antagonizing the US, but Wehner is well known in Warsaw and of sufficient stature to get the message across. [redacted]

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[redacted]**② INTERNATIONAL: Socialist Meeting Canceled**

The refusal of Venezuela's Democratic Action Party to participate in a high-level Socialist International meeting attended by Nicaragua's Sandinistas reflects increasing dissension within the International over policy on Latin America. [redacted]

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Socialist International President Willy Brandt has canceled a much-heralded meeting of socialist leaders that was to occur in Caracas later this month. He acted after Venezuelan party leaders sent a strongly worded telegram that they would refuse to host the meeting if Sandinista representatives were invited. Brandt already has begun trying to repair the damage to socialist prestige by asking French and Spanish party leaders to visit Latin America and report back on party attitudes. [redacted]

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Comment: The Venezuelans have come to distrust the Sandinista promises of political pluralism and support for a mixed economy. Party leaders apparently have decided that continued identification with the Sandinistas could hurt their electoral chances in 1983. [redacted]

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On the other hand, the West European socialists generally prefer to continue meeting with the Sandinistas at all levels. Although they often agree that the Sandinistas are increasingly antidemocratic, they still hope to encourage a less radical policy. [redacted]

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The Venezuelan refusal represents an embarrassing miscalculation by the West European socialists. Although the Venezuelan and other Latin American parties might participate in more informal conferences arranged by the Socialist International involving the Sandinistas, they probably will not take part in a meeting of socialist parties in Managua on Friday arranged by the Mexicans. [redacted]

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Brandt's face-saving effort will allow the controversy to cool, and eventually a compromise could be worked out. This might be difficult to achieve, however, since Spanish Socialist Party leader Gonzalez is more negative about Nicaragua than is the French Socialist Party. [redacted]

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③

INTERNATIONAL: Chemical Weapons Control Issue

Western representatives at the UN Committee on Disarmament meeting in Geneva are supporting a Japanese proposal that the committee examine possible provisions for a treaty banning the production and stockpiling of chemical weapons. [redacted]

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Under the proposal, discussions would stop short of drafting a final text, but major areas of agreement and disagreement would be identified to set the stage for formal negotiations. Sweden may introduce the proposal today reportedly on behalf of the neutral and nonaligned nations. Poland also has accepted the proposal, indicating probable Soviet Bloc support. [redacted]

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1-9 US allies are under pressure at home to support negotiations on limiting chemical weapons. They also believe that broader discussions in the committee will help focus international attention on evidence of the use of chemical and biological weapons in Afghanistan, Laos, and Kampuchea, and on Moscow's refusal to accept meaningful verification arrangements. [redacted]

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Comment: The Soviets will try to use the controversy over expanding the committee's mandate to divert world attention to US chemical weapons modernization plans. They also are likely to portray the US as the only nation blocking progress toward arms control. [redacted]
[redacted]

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⑤ EAST GERMANY - WEST GERMANY: New Overtures

5 The East Germans, with Soviet encouragement, are increasing their efforts to drive a wedge between West Germany and its allies.

East German leader Honecker went out of his way on Friday in a major policy address to praise West Germany as a defender of peace and detente. At the same time, Honecker sought to depict the US as increasingly isolated from its Alliance partners because of its sanctions policy toward Poland and the USSR.

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2 The speech followed by one day the announcement of expanded opportunities for East Germans to travel to West Germany.

Comment: The East Germans are trying to satisfy some of the West German expectations created by the Schmidt-Honecker summit last December and to demonstrate that "reasonable" policies by Bonn will bring further rewards in bilateral relations. Although the concessions are significant and are likely to increase domestic support for Schmidt's policies, West Germany will view them as just one step toward improving relations.

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5 Bonn is familiar with East Berlin's tactic of trying to focus intra-German talks on Alliance policies. It hopes to take advantage of this new thaw in relations to obtain more humanitarian concessions.

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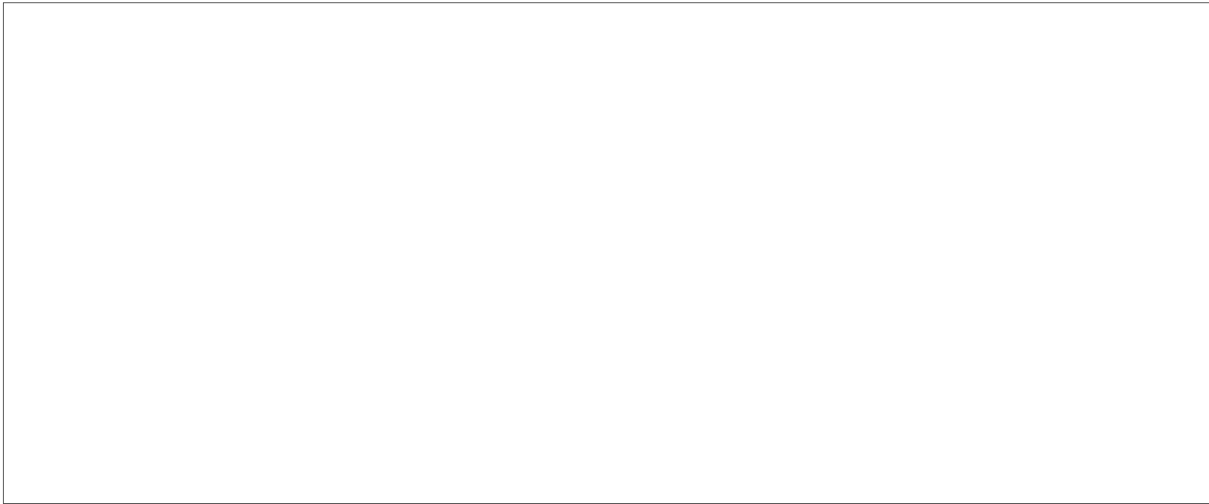
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EASTERN EUROPE - POLAND: Economic Assistance

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Several East European countries have increased shipments of food and consumer goods to Poland since the imposition of martial law.

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The assistance is aggravating economic problems in Eastern Europe. In some countries, it also is intensifying anti-Polish sentiments.

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Comment: Czechoslovakia, East Germany, and Hungary probably have each shipped goods worth at least \$50 million to \$100 million since martial law was declared. Bulgaria evidently has sent less, and Romania has provided almost no aid.

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An accurate total accounting may never be possible. The East European regimes do not announce all deliveries, and there is considerable confusion about whether the shipments represent grants, above-plan sales, or advance deliveries of previously contracted goods.



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MALAYSIA-US: Strained Relations Ahead

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Malaysian-US relations may deteriorate over the next three months over differences on international commodity issues.

Recent tin sales by the General Services Administration to reduce its stocks have drawn formal protests from Kuala Lumpur and have been the subject of almost continuous public criticism by Prime Minister Mahathir, who claims the sales are depressing international tin prices.

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Comment: Parliamentary elections tentatively scheduled for April increase the likelihood of anti-US posturing by Mahathir. Kuala Lumpur is angry because the US has opposed increases in international support prices for natural rubber and tin over the past year. The Malaysians also believe a US decision last year not to participate in the Sixth International Tin Agreement is responsible for its poor chances of ratification in April.

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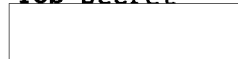
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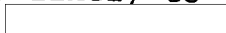

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CANADA-USSR: Possible Credit for Gas Project

Ottawa apparently intends to help finance the Soviet gas project at Astrakhan, to the southeast of Stalingrad, in order to sell Canadian equipment and services designed to extract and deliver high-sulfur gas. Such gas is highly corrosive and can be poisonous, requiring expensive and technically advanced methods of extraction and handling. Canadian officials imply that a deal is close that reportedly could entail a loan to Moscow of as much as \$535 million at 10-percent interest. One senior official states that Ottawa is inclined to extend the credit because negotiations have been going on since 1977, because Canada wants to profit from its high-sulfur gas technology, and because other Western governments are competing. 

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Comment: Unless NATO members form a united front against commerce with the Soviets generally and against the Astrakhan deal specifically, Ottawa is unlikely to drop out of the competition for contracts. 


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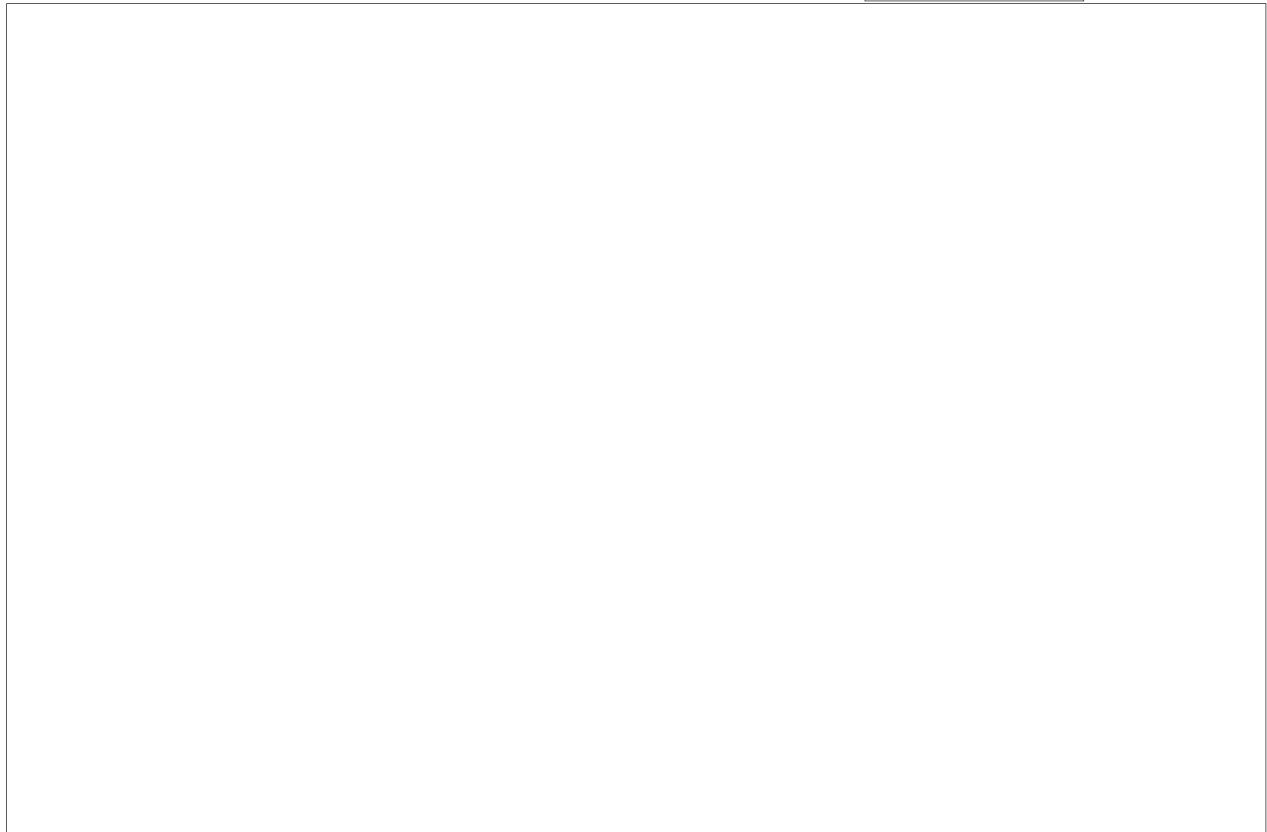
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PORTUGAL: Communists Suffer Setback

The failure of the general strike staged by the Portuguese Communist Party to cause widespread disruption on Friday underscores the party's declining effectiveness. The strike was designed to bring down Prime Minister Balsemao's government and stop efforts to revise the constitution, but it was opposed by all the democratic trade unions and parties. Although rail service was shut down, the government, with help from nonstriking unions, provided substitute transportation. 25X1

Comment: The failure of the strike and the poor support for Communist-sponsored antinuclear weapons demonstrations will make other parties even less respectful of Portuguese Communist Party views. The government response, on the other hand, will strengthen the position both of Balsemao, whose critics accuse him of indecisiveness, and of the governing Democratic Alliance. 25X1

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SPECIAL ANALYSIS

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POLAND: Increasing Resistance

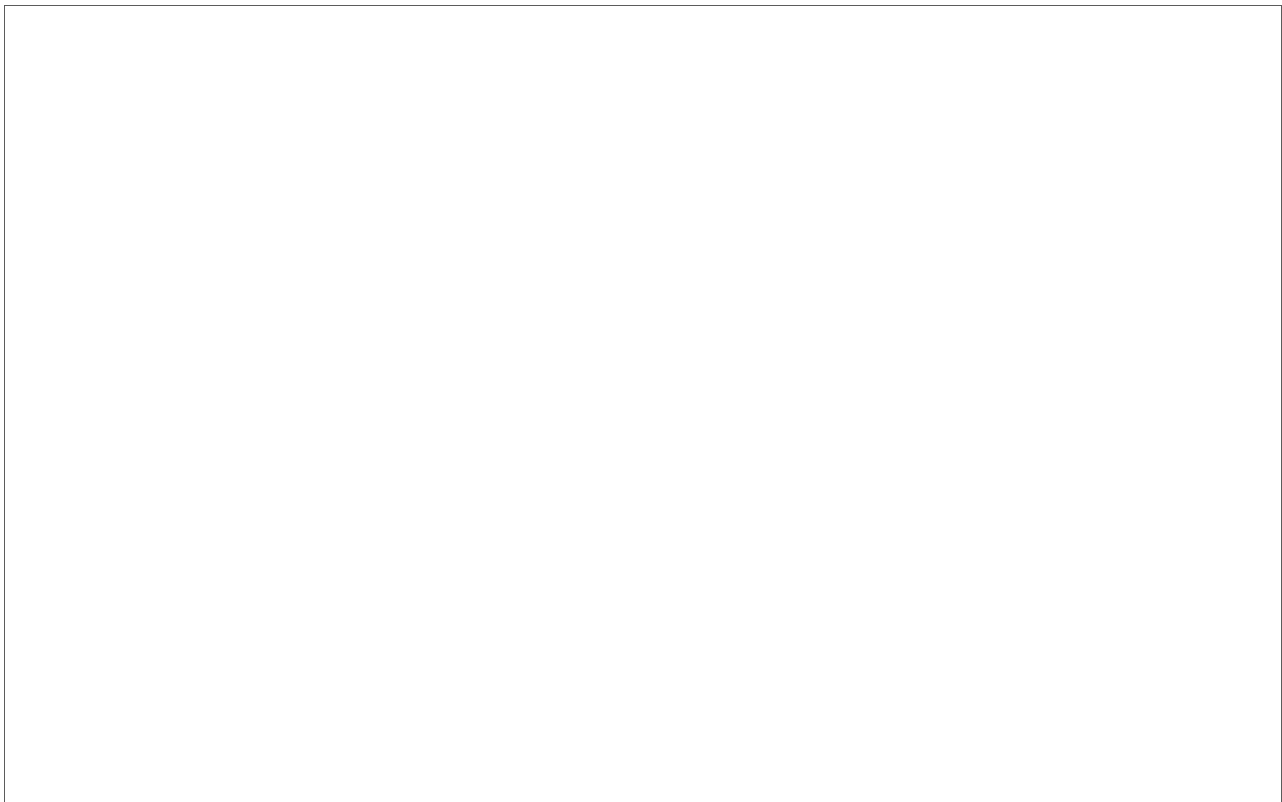
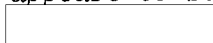
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The regime--after imposing martial law two months ago--still has failed to make serious progress in addressing Poland's political and economic problems. Its concern to maintain control, in fact, appears to be trapping it in a spiral of repression and resistance.

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Growing Frustrations

The Military Council continues to hold the reins of power, but its members are increasingly frustrated

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in their efforts to reform the chaotic and inefficient government bureaucracies. Senior military men probably expect to play a leading political role indefinitely. [redacted]

The party is wracked by dissension at the top and is unable to exert much influence at the grass roots. Conservatives pressing for a broader purge reportedly are focusing on several of Premier Jaruzelski's moderate advisers but not on Jaruzelski himself. They know that the Premier continues to enjoy the support of the senior military leadership, and that to try to remove him against his will would risk dividing seriously the very forces needed to retain control. [redacted]

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The increased resistance, however, may reinforce the strong position of the police and security forces. Some in these services will argue that demonstrations must be repressed forcefully to discourage others, and they might even stage provocations in order to demonstrate their willingness to crack down. [redacted]

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VS The Church appears increasingly divided, and the prospects of a more open confrontation with the regime are increasing. Some clerics believe that the Church will be the next target for repression. A number want more vigorous opposition to martial law. [redacted]

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Spokesmen for the regime have publicly criticized those in the Church involved in "political activities." Increased harassment of the Church would escalate public protests, intensify repression, and strengthen hardliners in the regime. [redacted]

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Outlook

Prospects are for an even greater level of resistance to martial law. Although the use of force may be effective in the short run, the avowed purpose of martial law--the suppression of political radicals--would be transposed into suppression of the Polish populace. This risks undermining the willingness of some in the military to participate in a crackdown. [redacted]

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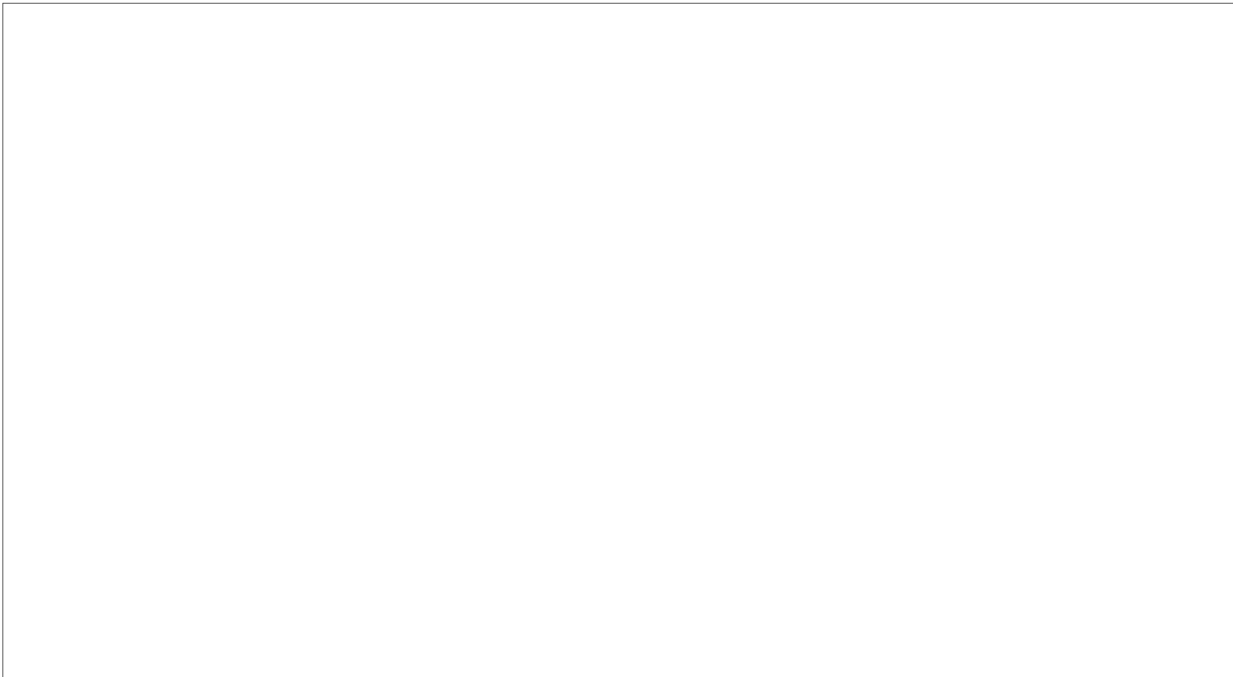
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In addition, the regime will not again have the element of surprise that was so important in the success of the initial implementation of martial law. If Polish forces are inadequate, Moscow will feel compelled to send Soviet troops to restore order.



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